

## Message Text

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ACTION AF-04

INFO OCT-01 ISO-00 EB-03 SP-02 L-01 INR-05 SS-15 /031 W

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P 271518Z AUG 75

FM AMEMBASSY ACCRA

TO SECSTATE WASHDC PRIORITY 8985

C O N F I D E N T I A L ACCRA 5698

STADIS////////////////////////////////////

LIMDIS

EO 11652 GDS

TAGS: EAIR EFIN EINF GH

SUB: GHANAIAAN APPLICATION FOR EXIM FINANCING OF AIRCRAFT  
PURCHASE

REF (A) STATE 198149 (B)STATE 199343 (C) ACCRA 5697

1. DEEPLY APPRECIATE DEPARTMENT'S SUGGESTIONS REFTEL A. WE HAVE VERY REGRETFULLY CONCLUDED THAT WE CANNOT RECOMMEND INTERVENTION BY DEPARTMENT WITH EXIMBANK ON FINANCIAL GROUNDS. IMPROVEMENT GHANAIAAN FOREIGN EXCHANGE EARNINGS FIRST HALF CY 75 IS INDEED SEASONAL, AND TREND OF BALANCE OF PAYMENTS NOT RPT NOT ENCOURAGING. WHILE FY 75-76 BUDGET SHOWS SOME COMMENDABLE BELT-TIGHTENING, IT IS NOT GREATLY ASTERE. IMPORTS ARE RESTRICTED BUT ON A CLEARLY UNSYSTEMATIC BASIS. OVER AT LEAST MEDIUM TERM, WE AND OTHER OBSERVERS EXPECT CONTINUED ECONOMIC STAGNATION, WITH DIFFICULTIES IN FUTURE IN MEETING FOREIGN OBLIGATIONS.

2. FOCUSING SPECIFICALLY ON GHANA AIRWAYS (GH), WE DO NOT HAVE DETAILED EXPERTISE IN THIS AREA BUT ARE CONVINCED THAT GH IS ILL-MANAGED, UNECONOMIC, AND IS PROBABLY ITSELF UNAWARE OF ITS OWN FINANCIAL POSITION DUE TO INADEQUATE AND STALE DATA.

3. LOAN REQUEST IS FOR TWO BOEING 707'S. WE COULD  
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UNDERSTAND AND URGE APPROVAL OF ONE SUCH AIRCRAFT AS REPLACE-

MENT FOR HIGH-OPERATING-COST VC-10 WHICH GH CURRENTLY FLYING ON  
EUROPEAN/MIDEAST ROUTES. HOWEVER, SECOND AIRCRAFT  
PRESUMABLY FOR USE IN EXPANDED NETWORK LONG-RANGE FLIGHTS:  
A PRIMARY USE IN GHANAIAI MINDS PROBABLY IS A NEW YORK RUN.  
AS DEPARTMENT FULLY AWARE, GRANTING OF SUCH RIGHTS BY US IS  
GOG OBJECTIVE IN FORTHCOMING BILATERAL AVIATION TALKS,  
OUTCOME OF WHICH IS IN DOUBT. IN ANY CASE, GH WOULD LIKELY  
LOSE ITS SHIRT ON SUCH ROUTE. OUR CONCLUSION THEREFORE IS  
THAT PROVIDING FINANCING FOR TWO LONG-RANGE AIRCRAFT  
EITHER IN USG NOR GOG REAL INTEREST.

4. WE EXPECT THAT WHEN TIME COMES FOR FINANCING KPONG  
DAM AND HYDROELECTRIC PROJECT WE WILL BE ABLE TO MUSTER  
ARGUMENTS ON VIABILITY THAT PROJECT IN ORDER TO  
INCREASE EXIMBANK'S ANTE, WHICH CURRENTLY PROMISES TO BE  
INADEQUATE. WE BELIEVE WE MUST SAVE WHAT INFLUENCE WE  
MAY BE ABLE TO BRING TO BEAR ON EXIMBANK FOR THAT ISSUE.

5. FOREGOING APPROVED IN SUBSTANCE BY AMBASSADOR PRIOR  
TO HER DEPARTURE.  
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## Message Attributes

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